

## Government Plays Significant Role in Nonmetro Employment

*Nearly 17 percent of non-metro employment comes from Federal, State, and local government jobs. Government employment has grown steadily with population growth, especially in the South and West.*

Over 4 million workers were employed by Federal, State, or local government in non-metro counties in 1993, the latest year for which data are available. These jobs accounted for nearly 17 percent of all nonmetro employment and the total number has increased by more than 570,000 jobs since 1980. Government employment grew on average by less than 1 percent per year in nonmetro areas. Government includes executive, legislative, judicial, administrative, and regulatory activities of Federal, State, and local governments, including State and local schools, colleges, hospitals, and prisons, military bases, and headquarters of State and Federal parks and forests.

### Government Plays a Large Role in Nonmetro Counties

Nearly 4.3 million, almost 20 percent of all government workers in 1993, were located in nonmetro areas. Most nonmetro government jobs, 3.4 million, are in State and local government. Over 446,000 are Federal military personnel (nearly 18 percent of all the military) and almost 400,000 are Federal civilian employees (less than 13 percent of Federal civilian jobs).

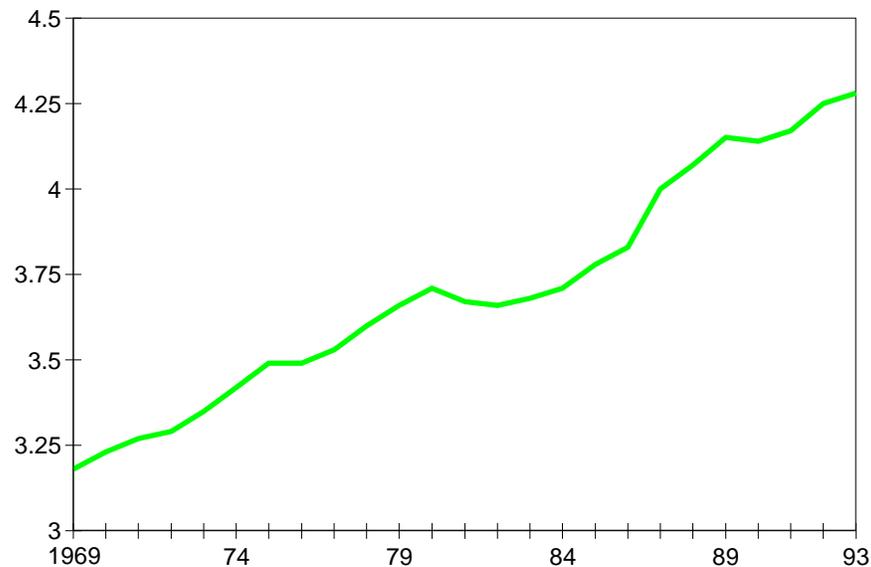
Government employment accounts for 17 percent of nonmetro employment. Earnings from government jobs amounted to \$101 billion, more than 19 percent of nonmetro income in 1993. Earnings from State and local government employment contributed the largest share of government income, \$80.2 billion. Federal civilian earnings added \$13.8 billion, and military earnings accounted for \$7 billion.

Average earnings per government job in nonmetro areas was \$23,700 in 1993, which exceeds the average earnings for all industries in nonmetro areas by nearly \$3,000. Federal civilian jobs were the highest paid government jobs. The \$16,000 average earnings per military job was below the nonmetro average, perhaps due to the in-kind benefits and allowances military personnel receive as part of their compensation.

The Economic Research Service has classified 244 nonmetro counties as government-dependent counties. In these counties, Federal, State, and local government activities

### Nonmetro government employment, 1969-93

*Growth in State and local government jobs has pushed government employment higher*



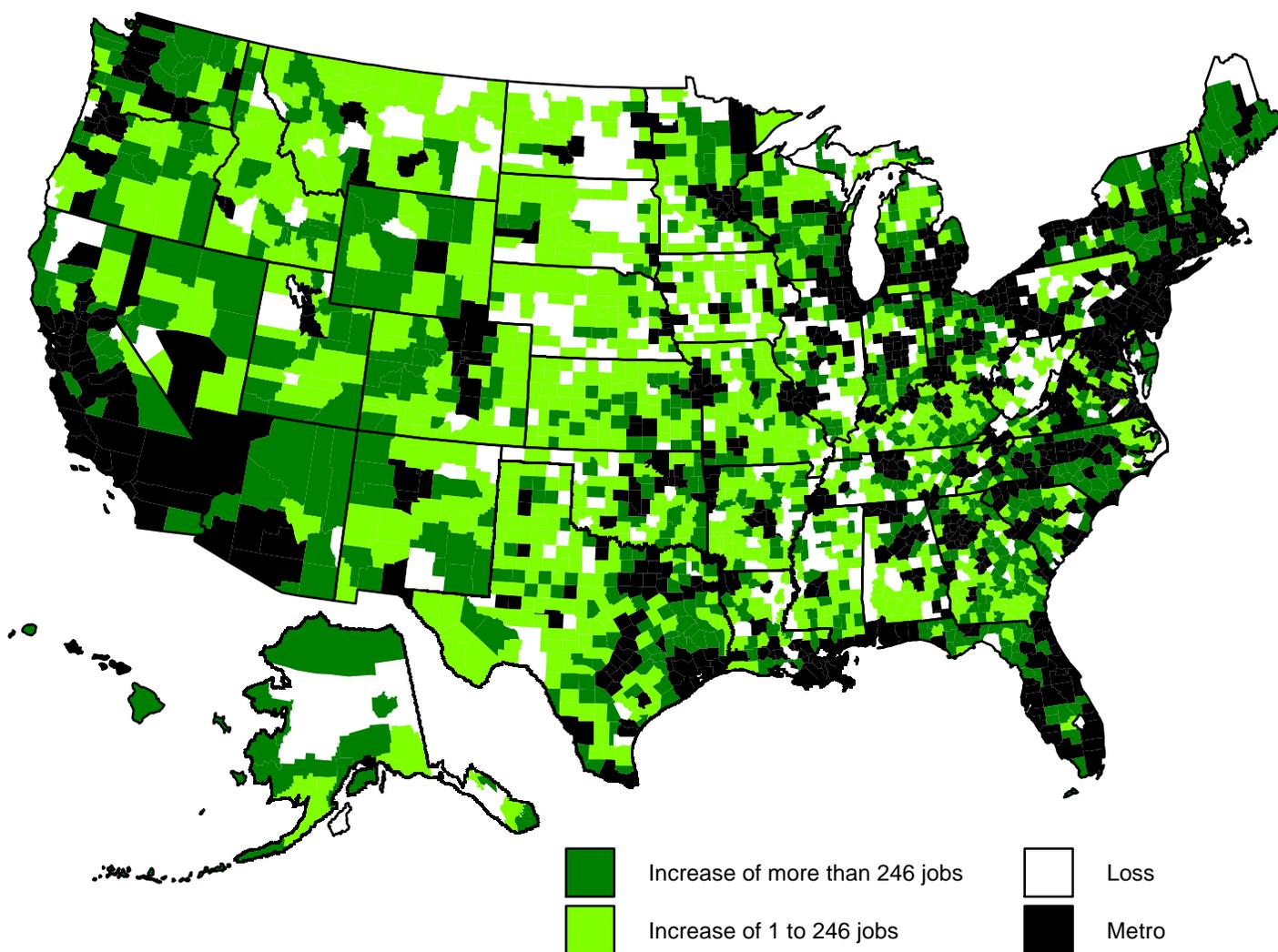
Source: U.S. Department of Commerce

are the primary economic specialization. Approximately 75 percent of government earnings in government-dependent counties were from State and local jobs. Although only a quarter of government earnings in these counties came from Federal jobs, it is a higher share of earnings than in all nonmetro counties, where almost 14 percent of government earnings come from Federal jobs.

Population increased by more than 6 percent in government-dependent counties during the 1980's, and 11 percent in western government counties. This population growth was large compared with 0.6-percent growth in all nonmetro counties. Government counties also enjoyed strong economic growth during the 1980's. While nonmetro counties overall averaged only a 3.4-percent increase in aggregate earnings, government counties aver-

### Government employment change, 1980-93

*The average nonmetro county gained 246 government jobs during 1980-93*



Source: Calculated by ERS using data from the Bureau of Economic Analysis.

aged 11 percent. This earnings growth stemmed from government and trade/services gains of more than 610,000 jobs.

However, population and earnings growth in government-dependent counties did not translate into a higher level of economic well-being. Per capita income and per capita earnings averaged more than \$1,000 lower than comparable estimates for all nonmetro counties. The disparity can be partly explained by the disproportionate number of low-income college students and military personnel in these counties.

### **Government Employment Is Source of Nonmetro Job Growth**

Government employment increased by 2.7 million jobs from 1980 to 1993 for the Nation as a whole. Although only 21 percent of this employment increase was located in nonmetro areas, the increase in government jobs accounted for 16 percent of nonmetro employment growth during 1980-93 period. Government employment dropped slightly during the 1980-81 recession but has been steadily rising since then (see chart).

Government was the third largest contributor to nonmetro employment gains, adding 572,000 of the 3.6 million nonmetro jobs gained between 1980 and 1993. State and local government, adding more than 580,000 jobs, was the engine of nonmetro government growth. Military employment increased by over 9,000 jobs, but civilian Federal employment in nonmetro counties fell by nearly 20,000 jobs.

Some of the government employment growth can be attributed to the expanding role of rural and small-town areas in housing the prison population. More new prisons opened in nonmetro than metro areas during 1980-91, and nonmetro prisons housed nearly as many inmates as metro prisons by 1994. Nonmetro prisons employed 116,000 people in 1991, of whom 56,000 worked in facilities opened since 1980. [For more details, see C. L. Beale, "Prisons, Population, and Jobs in Nonmetro America," *Rural Development Perspectives*, Volume 8, Issue 3, pp. 16-19.]

Military base closings have adversely affected government employment in some nonmetro areas. Since 1988, 73 major bases have been slated for closure, 17 of which are located in nonmetro areas. Fort Knox was responsible for most of the 8,480 Federal jobs lost in Hardin County, Kentucky. However, military personnel shifts caused Fort Drum of Jefferson County, New York, to gain more than 11,000 jobs. The overall increase of 9,000 military jobs during 1980-93 shows that nonmetro areas are holding their own, but individual counties where bases closed must find alternative employment opportunities. [For more details, see P. Stenberg, T. Rowley, and A. Isserman, "Economic Development After Military Bases Close," *Rural Development Perspectives*, Volume 9, Issue 3, pp. 16- 23.]

### **Most New Nonmetro Government Jobs Are in the South**

Nonmetro counties in the South gained the most government jobs, nearly 250,000 jobs since 1980. Nonmetro counties in the West gained 142,000 government jobs, an increase of 23.3 percent, making it the region with the largest government job growth rate. Nonmetro counties in the Midwest ranked third with a gain of nearly 132,000 jobs (11.3 percent growth), and the Northeast gained fewer than 50,000 government jobs (13.5 percent growth).

All regions had a net gain of State and local government employment, ranging from a low of 43,000 jobs in the Northeast to a high of 270,000 jobs in the South. Nonmetro Federal jobs gained only in the Northeast and West. Government employment growth coincides with population growth. The West and South had the largest population gains and the largest gains in government jobs.

Average county government employment growth was 246 jobs. Only 416 of the 2,288 nonmetro counties lost government jobs between 1980 and 1993, and 729 counties gained more government jobs than the nonmetro county average.

### **Conclusion**

Government contributed greatly to the employment and income growth of nonmetro areas during the 1980's, with State and local government jobs accounting for most of the growth. Population increases and the ensuing increased demand for local public service explain the need for increasing employment at the local level.

Many nonmetro areas have been willing to accept new Federal and State prisons, an instrument of growth in government employment and income. Their successes may prompt other nonmetro areas to pursue prisons or other State facilities, such as hospitals, as a source of employment and income for their citizens.

Federal employment, including those jobs in rural field offices across the Nation, is becoming a target of Federal downsizing. The U.S. Department of Agriculture's 1994 reorganization is just one example of this policy. Over the next 5 years, USDA plans to close some 1,200 of its 3,700 field offices and reduce its workforce by 13,000. Unless public policy changes course, overall Federal employment is predicted to decline throughout this decade, possibly shifting some Federal jobs to State and local governments.

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